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RUEHBO/AMEMBASSY BOGOTA PRIORITY 6599
RUEHBR/AMEMBASSY BRASILIA PRIORITY 5535
RUEHLP/AMEMBASSY LA PAZ PRIORITY 2076
RUEHPE/AMEMBASSY LIMA PRIORITY 0317
RUEHQH/AMEMBASSY QUITO PRIORITY 2156
RUEHME/AMEMBASSY MEXICO PRIORITY 3819
RUEHOT/AMEMBASSY OTTAWA PRIORITY 0743
RUEHBU/AMEMBASSY BUENOS AIRES PRIORITY 1272
RUEHSG/AMEMBASSY SANTIAGO PRIORITY 3575
RUEHMU/AMEMBASSY MANAGUA PRIORITY 1267
RUEHDG/AMEMBASSY SANTO DOMINGO PRIORITY 0233
RUEHAO/AMCONSUL CURACAO PRIORITY 0857
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0266
RUEHMI/USOFFICE FRC FT LAUDERDALE PRIORITY 3218
RHEHNSC/NSC WASHDC PRIORITY
RUMIAAA/HQ USSOUTHCOM MIAMI FL PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 04 CARACAS 001662

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TAGS: PGOV KDEM VE
SUBJECT: STATE MACHINERY DRIVING CHAVEZ' CAMPAIGN

REF: A. CARACAS 01067
 1B. CARACAS 00943
 1C. CARACAS 00473

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Classified By: POLITICAL COUNSELOR ROBERT RICHARD DOWNES FOR REASON 1.4
(D)

Summary

11. (C) Venezuelan President Hugo Chavez abuses state power and the public purse to benefit his reelection campaign. He has ordered public officials to get out the pro-Chavez vote, and his administration has forced them to participate in Chavista rallies. Through his control over off-budget expenditures and legislative appropriations, he spends billions of USD on grants and development programs for likely supporters. He makes massive use of both state and private media outlets to promote his administration without paying for airtime. Chavez continues stacking the electoral registry, although he is running out of real supporters to add to it. The BRV has bungled attempts to respond to criticism of its campaign abuses, but it appears to matter little; Chavez has already bought or extorted the votes he needs. End Summary.

Hatch Act Nightmare

12. (U) Article 145 of the Venezuelan constitution establishes that public officials must be "impartial" and cannot be nominated or removed because of their political affiliation. Still, Venezuelan President Hugo Chavez has ordered government and military officials of all stripes to help him reach his goal of 10 million votes, according to

press reports. In particular, he told them in early-February 2006 to organize one electoral "patrol" to get out the Chavista vote for every 100 voters on the rolls. These government personnel are apparently already hard at work. Although CNE rules passed March 2 prohibit propaganda encouraging votes for specific officials, government and ruling party-endorsed banners and flyers touting the "10 million" slogan fly throughout Caracas. National Assembly deputies have spent one or two weekends on the road each month this year conducting "street parliamentarism," that is, stumping opportunities disguised as efforts to involve the public in the legislative process. (Note: As elected officials, National Assembly deputies are permitted to campaign, but only after election season starts on August 1.)

¶13. (C) The BRV also forces public servants to participate in campaign activities and to vote pro-Chavez. State oil company PDVSA has bussed its workers to rallies, an private oil company executive told poloff. On election day in December 2005, a Chavista National Assembly deputy publicly threatened that government workers who did not vote (by then nearly all candidates were pro-Chavez) would not get paid. Retired Vice Admiral Rafael Huizi told us that the new anti-Chavez CNE rector, Vicente Diaz (please protect), had told him that managers in BRV agencies ascertained in real time whether their employees had voted and then phoned abstainers to order them to the polls.

Grey Areas: Government Handouts Legal?

¶14. (U) Government social programs appear to be one of Hugo Chavez' favorite means of buying votes. Fueled by hugely inflated petroleum receipts, which average at USD 150 million

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a day (gross), the BRV is spending USD billions on large infrastructure projects, entitlement programs, and other handouts aimed to boost Chavez' popularity this year. While such spending is commonplace, even in well established democracies, Chavez' control of all branches of government makes it look questionable. For example, the 100 percent pro-Chavez National Assembly is appropriating hundreds of billions of bolivars (USD tens of millions) in additional credits to the budgets of various ministries and development projects each week, according its website. On April 8, the National Assembly passed a law setting up loosely defined "community councils," which would skirt traditional local government structures and disburse funds directly to the people (REF A). Chavez has announced federal funding of over USD 1.1 billion for the new local bureaucracies. During his April 9 "Alo Presidente" show, Chavez inaugurated the first six red-clad councils. On the May 7 broadcast, Housing Minister Luis Figueroa said the community councils would disburse 600 billion bolivars (roughly USD 275 million) in a "shacks for houses" exchange program.

¶15. (U) Chavez offers other major handouts without bothering to seek legislative approval. In February, the President announced several new social programs that would be funded by "excess international reserves" and by FONDEN, an off-budget fund created in July 2005 that has amassed around USD 13 billion since its creation (REF B). Chavez also told Alo Presidente listeners May 7 that he would use part of the extraction tax on strategic associations to construct housing.

Use of Media

¶16. (C) Chavez' abuse of public and private broadcasting to tout his social programs and badger his opposition gives his campaign perhaps its most unusual (in a democracy) advantage. According to the Inter-American Press Association, for each

minute of airtime that the opposition buys, Chavez gets 20,000 minutes free, mainly through use of "cadenas nacionales," broadcasts local stations are required to carry.

A recent study by the opposition TV channel RCTV of presidential broadcasts would seem to support this conclusion. According to the study, Chavez to date has spent more than one month of his time in office appearing on cadenas. REF C reported in January that Chavez was on track this year to break an annual record for airtime spent "en cadena." Despite extensive international travel in early 2006, Chavez is keeping up his pace. While the number of cadenas he has held through April 16 is slightly below average, Chavez has more than compensated with time on air. The average cadena in 2006 has lasted a record 1:02 hours. At the current rate, Chavez will register over 172 hours on air this year, breaking the 2003 record of 168.

¶17. (U) An analysis of Chavez' near-weekly *Alo Presidente* program shows similar trends. Chavez is on track to film 34 shows this year, slightly lower than the 2002 record of 42. Still, with an 2006 average program length of almost six hours, he is paced to break his record of most *Alo Presidente* airtime in one year. Including reruns and condensed versions, *Alo Presidente* is on track to rack up over 300 hours of programming by the year's end. Chavez has even begun to film *Alo Presidente* abroad. He drew criticism from the opposition for broadcasting five hours via satellite from Bolivia on May 28.

¶18. (U) The RCTV study indicates that as Chavez' media appearances have become more common, their popularity has fallen. In 2006, 50 percent fewer people watched cadenas than in 2000, the year the broadcasts' popularity crested.

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More people have tuned out than have tuned in during 2006 cadenas except in a few instances when Chavez has interrupted the week's most popular programming. (Note: RCTV's methodology is unknown, so we cannot vouch for the ratings' accuracy. At the very least, however, these ratings probably do not reflect political biases, as RCTV uses them for internal business planning.)

¶19. (C) Most cadenas fall during the prime viewing hours of afternoon and night. Television stations suffer the most from Chavez' usurpation of the airwaves because they are required to refund advertisers if they do not run their commercials at the promised time. Radio stations fare better because they can adjust time slots for advertisements.

Inflating the Registry

¶10. (U) Chavez uses public funds to register millions of voters. Most of the new voters are sympathetic to Chavez. The BRV has sponsored registration programs that double as pro-government rallies. Numerous anecdotal reports, including those published in the press and related to emboffs, indicate that the national identification office (ONIDEX) requires people to promise to vote for Chavez before granting identification. It also refuses to document those viewed as Chavez opponents, according to Embassy FSNs and some apolitical Venezuelan contacts. According to a report posted to an anti-Chavez website in late-April 2006, 14,849,127 voters were on the rolls. This figure would represent a 23 percent increase in voters since 2003 and a 2.6 percent increase since the December 4, 2005 National Assembly elections.

¶11. (C) The electoral registry is likely to grow at a slower pace this year, barring the BRV invention of millions of fictitious voters. (Embassy note: we cannot rule such invention out. Indeed, they may just try it: for Chavez to reach his goal of 10 million votes, he would have to capture 68 percent of currently registered voters, which would be

extremely difficult.) Chavista rallies aimed at nationalizing foreigners resident here--such as those in the run-up to the August 2004 recall referendum--are likely to yield diminishing returns because they have already registered hundreds of thousands. Citing BRV statistics, a local UNHCR official told us the government nationalized almost 300,000 Colombians in 2003-04 alone. Furthermore, voter apathy is likely to keep even Chavez supporters from signing up. While poloff spent several hours over several days at the metropolitan mayor of Caracas's registry office in March 2006, he never saw anyone signing up at the CNE registration booth.

Marches Slacken...For Now

¶12. (U) We predicted in late-February (REF C) that government-financed marches would increase in number and intensity as election day approached. Marches appear to have diminished over the past month or two, but they are likely to pick up again once Chavez' pace of international travel slackens.

Lame BRV Excuses for Campaign Spending

¶13. (U) The BRV has rejected accusations that it has used public spending in Chavez' campaign. Its denials, however, have rung hollow. In the May 7 Alo Presidente broadcast,

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Chavez said it was a "coincidence" that the BRV was introducing so many "achievements" this year. Communications Minister Willian Lara said that "not one cent" of the national budget went towards Chavez' reelection, according to press reports. In a notable non sequitur, Lara attempted to counter opposition charges that civil servants worked on Chavez' campaign by accusing Zulia Governor Manuel Rosales of involvement in his own campaign.

Comment

¶14. (C) The opposition is finally starting to focus attention on the more obvious electoral abuses, such as Chavez' violation of campaign finance rules and his padding of the electoral registry. The BRV's clumsy reaction shows the new approach has been effective. Hugo Chavez is on his way to his goal of bribing or extorting the votes he needs. His plans to build housing are especially politically savvy. He is way behind schedule on his promise to deliver 150,000 units in 2006, but by the time he can be called on it, he will be looking at another six years in office.

WHITAKER